

The Streamlined Sales Tax

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Overview

- Current status
- Origins
- Process and provisions
- The work ahead
- Living in a streamlined world

I. Current Status

- Effective Oct. 1, 2005
- 18 states
 - 11 full members
 - 7 associate members
 - 28% of sales tax population
 - > CA, TX, and NY combined

Member States

■ Full members

- IN
- IA
- KS
- KY
- MI
- MN
- NE
- NC
- OK
- SD
- WV = 17%
- NV*

■ Associate members

- NJ (10/1/05)*
- ND (10/1/05)*
- UT (7/1/06)
- TN (7/1/07)
- OH (7/1/08)
- AR
- WY = 11%

*Expected to become full members effective 10/1/05.

II. Origins of Streamlining: The Catalysts

- *Quill*: The physical presence test
- Electronic commerce

Initial Actors

- State taxing authorities
- Brick-and-mortar retailers
 - Clicks-and-bricks
- Internet and other remote retailers

Initial Forums

- NTA Communications and Electronic Commerce Project
- Advisory Commission on Electronic Commerce

Early Lessons

- Simplification & nexus
- State cooperation/federal legislation
- Business participation
- Simplification agenda
 - Administrative and technological
 - No interstate base uniformity, but uniform interstate definitions
 - Uniformity within each state
- Nexus expansion agenda

“Give before you take.”

Chinese proverb (?)

“There is no gratitude in politics.”

Graham Greene, in
The Quiet American

III. Streamlining: Process and Provisions

The Streamlining Process

- Streamlined Sales Tax Project (SSTP)
 - Participating states
- Implementing States (SSTIS)
- Streamlined Sales and Use Tax Agreement (SSUTA)
- Governing Board
 - State and Local Advisory Council
 - Business Advisory Council

The Agreement (SSUTA)

- Centralized registration: amnesty
- Uniform returns, and much more
- Certified compliance software/providers
- Vendor compensation
- Library of Definitions
- Uniform state/local base
- Uniform destination sourcing rules
 - Competitive/Commerce Clause issue
 - Local revenue shift
 - Compliance burden on in-state businesses

Streamlining Status

- Governing Board of 18 member states
- October 1, 2005 effective date

IV. The Work Ahead

- Implementation issues
- Institution building
- Maintenance and growth
- Federal legislation

Implementation Issues

- Governing board representatives
- Certifying software and providers
- Vendor compensation
- Jurisdictional databases
- Centralized registration
- Amnesty administration

Institution Building

- Governing board size; bylaws
- Staff
- Funding

Maintenance, Growth, and Federal Legislation

■ Interest Groups

- The initial coalition
- Local governments
- Small business
- Consumers
- Anti-tax groups

■ Federal Legislation

- Provisions
- Congressional dynamics
- Linkage

Linkage

- Corporate income tax (BAT) nexus
- Internet Tax Freedom Act extension
- Economic Development Act
- Telecom tax simplification

V. Living in a Streamlined World

- The Governing Board
 - Membership
 - Amendments
 - Interpretations
 - Issue Resolution

- One-stop shopping
 - Convenience stores
 - Bundled transactions
 - Court decisions
 - and ...